

HOUSE BILL NO. 345

INTRODUCED BY R. BROWN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE AMOUNT OF COAL SEVERANCE TAXES  
5 DEPOSITED IN THE TREASURE STATE ENDOWMENT FUND; PROVIDING FOR THE ALLOCATION OF A  
6 PORTION OF THE INTEREST AND EARNINGS ON THE TREASURE STATE ENDOWMENT FUND TO A  
7 SCHOOL FACILITY STATE SPECIAL REVENUE ACCOUNT; PROVIDING THAT MONEY IN THE SCHOOL  
8 FACILITY STATE SPECIAL REVENUE ACCOUNT IS SUBJECT TO APPROPRIATION FOR DISTRIBUTION  
9 TO SCHOOL DISTRICTS THROUGH THE EXISTING SCHOOL FACILITY ENTITLEMENT AND STATE  
10 REIMBURSEMENT FOR SCHOOL FACILITIES PROGRAM; AMENDING SECTIONS 17-5-703 AND 90-6-701,  
11 MCA; AND PROVIDING AN EFFECTIVE DATE."

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13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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15 **Section 1.** Section 17-5-703, MCA, is amended to read:

16 **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,  
17 section 5, of the Montana constitution is composed of the following funds:

- 18 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
19 severance tax must be deposited;
- 20 (b) a treasure state endowment fund;
- 21 (c) a treasure state endowment regional water system fund;
- 22 (d) a coal severance tax permanent fund;
- 23 (e) a coal severance tax income fund; and
- 24 (f) a coal severance tax school bond contingency loan fund.

25 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all  
26 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
27 months and retain that amount in the coal severance tax bond fund.

28 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
29 (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

30 (3) (a) On January 21, 1992, and continuing as long as any school district bonds secured by state loans

1 under 20-9-466 are outstanding, the state treasurer shall from time to time and as provided in subsection (3)(b)  
2 transfer from the coal severance tax bond fund to the coal severance tax school bond contingency loan fund any  
3 amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be  
4 retained in the fund.

5 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the  
6 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal  
7 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12  
8 months.

9 (4) (a) Beginning July 1, 1993, and ending June 30, 2013, the state treasurer shall quarterly transfer  
10 to the treasure state endowment fund 75% of the amount in the coal severance tax bond fund in excess of the  
11 amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred  
12 pursuant to subsection (3).

13 (b) Beginning July 1, 1999, and ending June 30, 2013, the state treasurer shall quarterly transfer to the  
14 treasure state endowment regional water system fund 25% of the amount in the coal severance tax bond fund  
15 in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts  
16 that are transferred pursuant to subsection (3).

17 (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure  
18 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,  
19 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.  
20 Earnings not transferred to the treasure state endowment special revenue account must be retained in the  
21 treasure state endowment fund.

22 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system  
23 fund to the treasure state endowment regional water system special revenue account the amount of earnings,  
24 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the  
25 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state  
26 endowment regional water system special revenue account must be retained in the treasure state endowment  
27 regional water system fund.

28 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
29 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
30 deposited in the coal severance tax permanent fund.

1           **17-5-703. (Effective July 1, 2003) Coal severance tax trust funds.** (1) The trust established under  
2 Article IX, section 5, of the Montana constitution is composed of the following funds:

3           (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
4 severance tax must be deposited;

5           (b) a treasure state endowment fund;

6           (c) a treasure state endowment regional water system fund;

7           (d) a coal severance tax permanent fund;

8           (e) a coal severance tax income fund; and

9           (f) a coal severance tax school bond contingency loan fund.

10          (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all  
11 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
12 months and retain that amount in the coal severance tax bond fund.

13          (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
14 (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

15          (3) (a) As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the  
16 state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax  
17 bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax  
18 bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

19          (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the  
20 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal  
21 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12  
22 months.

23          (4) (a) Until June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment  
24 fund ~~50%~~ 75% of the amount in the coal severance tax bond fund in excess of the amount that is specified in  
25 subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection  
26 (3).

27          (b) Until June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment  
28 regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that  
29 is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant  
30 to subsection (3).

1 (c) The state treasurer shall monthly transfer from the treasure state endowment fund ~~to the treasure~~  
 2 ~~state endowment special revenue account~~ the amount of earnings, excluding unrealized gains and losses, as  
 3 follows:

4 (i) to the school facility special revenue account, established in [section 3], \$4,098,000 in fiscal year  
 5 2004 and \$4,360,000 in each succeeding fiscal year to meet the obligations of the state in accordance with  
 6 20-9-370 and 20-9-371; and

7 (ii) the remaining amount to the treasure state endowment special revenue account as required to meet  
 8 the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not  
 9 transferred to the school facility special revenue account or the treasure state endowment special revenue  
 10 account must be retained in the treasure state endowment fund.

11 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system  
 12 fund to the treasure state endowment regional water system special revenue account the amount of earnings,  
 13 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the  
 14 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state  
 15 endowment regional water system special revenue account must be retained in the treasure state endowment  
 16 regional water system fund.

17 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
 18 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
 19 deposited in the coal severance tax permanent fund. (Terminates June 30, 2016--sec. 1, Ch. 70, L. 2001.)

20 **17-5-703. (Effective July 1, 2016) Coal severance tax trust funds.** (1) The trust established under  
 21 Article IX, section 5, of the Montana constitution is composed of the following funds:

22 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
 23 severance tax must be deposited;

24 (b) a treasure state endowment fund;

25 (c) a coal severance tax permanent fund;

26 (d) a coal severance tax income fund; and

27 (e) a coal severance tax school bond contingency loan fund.

28 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all  
 29 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
 30 months and retain that amount in the coal severance tax bond fund.

1 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
2 (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

3 (3) (a) As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the  
4 state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax  
5 bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax  
6 bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

7 (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the  
8 balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal  
9 of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12  
10 months.

11 (4) (a) Until June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment  
12 fund ~~50%~~ 75% of the amount in the coal severance tax bond fund in excess of the amount that is specified in  
13 subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection  
14 (3).

15 (b) The state treasurer shall monthly transfer from the treasure state endowment fund ~~to the treasure~~  
16 ~~state endowment special revenue account~~ the amount of earnings, excluding unrealized gains and losses, as  
17 follows:

18 (i) to the school facility special revenue account, established in [section 3], \$4,098,000 in fiscal year  
19 2004 and \$4,360,000 in each succeeding fiscal year to meet the obligations of the state in accordance with  
20 20-9-370 and 20-9-371; and

21 (ii) the remaining amount to the treasure state endowment special revenue account as required to meet  
22 the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not  
23 transferred to the school facility special revenue account or the treasure state endowment special revenue  
24 account must be retained in the treasure state endowment fund.

25 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
26 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
27 deposited in the coal severance tax permanent fund."  
28

29 **Section 2.** Section 90-6-701, MCA, is amended to read:

30 **"90-6-701. Treasure state endowment program created -- definitions.** (1) (a) There is a treasure

1 state endowment program that consists of:

2 (i) the treasure state endowment fund established in 17-5-703;

3 (ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

4 (b) The treasure state endowment program may borrow from the board of investments to provide  
5 additional financial assistance for local government infrastructure projects under this part, provided that no part  
6 of the loan may be made from retirement funds.

7 (2) ~~(a) Interest~~ Subject to subsection (2)(b), interest from the treasure state endowment fund and from  
8 proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local  
9 government infrastructure projects under this part and to repay loans from the board of investments.

10 (b) The amount of interest from the treasure state endowment fund specified in 17-5-703 must be  
11 deposited in the school facility special revenue account.

12 (3) As used in this part, the following definitions apply:

13 (a) "Infrastructure projects" means:

14 (i) drinking water systems;

15 (ii) wastewater treatment;

16 (iii) sanitary sewer or storm sewer systems;

17 (iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

18 or

19 (v) bridges.

20 (b) "Local government" means an incorporated city or town, a county, a consolidated local government,  
21 a tribal government, a county or multicounty water, sewer, or solid waste district, or an authority as defined in  
22 75-6-304.

23 (c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund  
24 established in 17-5-703(1)(b).

25 (d) "Treasure state endowment program" means the local government infrastructure investment  
26 program established in subsection (1).

27 (e) "Tribal government" means a federally recognized Indian tribe within the state of Montana."  
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29 **NEW SECTION. Section 3. School facility special revenue account.** (1) There is a school facility  
30 special revenue account in the state special revenue fund. The school facility special revenue account is

1 intended to provide a consistent revenue stream to the school facility entitlement program established in  
2 20-9-370 and 20-9-371.

3 (2) The school facility special revenue account retains its own interest and earnings. Money in the  
4 account is subject to appropriation for distribution to school districts through the school facility entitlement and  
5 state reimbursement for school facilities provided for in 20-9-370 and 20-9-371.

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7 NEW SECTION. **Section 4. Codification instruction.** [Section 3] is intended to be codified as an  
8 integral part of Title 20, chapter 9, part 3, and the provisions of Title 20, chapter 9, part 3, apply to [section 3].

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10 NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2003.

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